

NEWS

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GLICKMAN SEEKS SECOND CHANCE FOR FARM BORROWERS

WASHINGTON, March 11, 1998--Agriculture Secretary Dan Glickman today sent to Congress draft legislation to modify debt forgiveness limitations enacted by the 1996 Farm Bill. The Administration's proposal would allow creditworthy USDA borrowers to receive a second chance at a loan from USDA after having received debt forgiveness on a previous loan.

"I want to restore the notion of redemption to our farm credit policy," Glickman said. "The 1996 Farm Bill stripped every producer who's ever had a USDA farm debt write-down of the ability to get another government farm loan. That's a stricter standard than private lenders use, and it is wrong."

The draft bill would allow farmers and ranchers to remain eligible for USDA credit through two experiences requiring a debt forgiveness, including a loan write-down or net recovery buy-out. After that, they would be barred from receiving additional loans from USDA. The draft bill would also allow one exception for borrowers who experience financial difficulties because of a natural disaster, family medical crisis or as part of a settlement of a civil rights case.

The draft bill also would allow borrowers to remain eligible for emergency loans to recover from natural disasters and would allow USDA to implement these provision on an expedited basis.

"I don't think there should be a revolving door for people to have debts continually forgiven and receive additional loans," Glickman said. "But denying thousands of farmers and ranchers from ever receiving USDA loan assistance if they ever received debt forgiveness from USDA, at any time and for any reason, including disasters, family tragedy or surviving the credit crisis of the 1980's, goes too far. I think this draft bill strikes a responsible policy for everyone."

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Glickman said farmers will soon be planting their 1998 crop and are in the process of securing operating credit for this crop year, and that immediate action on this proposed legislation is critical.

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